

Message Text

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21

ACTION SCI-06

INFO OCT-01 EUR-25 EA-11 ISO-00 ACDA-19 CIAE-00 INR-10

IO-14 L-03 NSAE-00 NSC-10 RSC-01 SCEM-02 FPC-01

COME-00 TRSE-00 OMB-01 DRC-01 /105 W

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R 090505Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9135

INFO AMEMBASSY PARIS

USMISSION EC BRUSSELS

AEC GERMANTOWN

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AEC GERMANTOWN FOR FRIEDMAN

E.O. 11652: N/A

TAGS: TECH, JA

SUBJECT: JAPANESE PURCHASE OF ENRICHING SERVICES FROM EURODIF

REF: TOKYO 15664

SUMMARY: EURODIF CONTINUING NEGOTIATIONS WITH JAPANESE UTILITIES FOR SALE OF SEPARATIVE WORK BEGINNING EARLY 1980'S. NEXT MEETING SCHEDULED WEEK OF JAN 21. EURODIF HOPES HAVE LETTER OF INTENT SHORTLY THEREAFTER AND HAVE ALL CONTRACTS EXECUTED PRIOR JUNE 30, 1974. CONTRACT DETAILS, WHICH STILL SUBJECT NEGOTIATION, ARE REPORTED TO EXTENT KNOWN. END SUMMARY.

1. AEC SCIREP HAS OBTAINED ADDITIONAL INFO FROM INFORMED AND USUALLY RELIABLE SOURCES UPDATING AND SUPPLEMENTING THAT CONTAINED REFTELEX. EURODIF TEAM VISITED TOKYO DURING MID-DEC 1973 FOR FURTHER DISCUSSIONS RE FIRMING OF COMMITMENT AND CLARIFICATION OF CONTRACTUAL DETAILS. DURING DISCUSSIONS EURODIF OFFICIALS PRESSED FOR JAPANESE COMMITMENT TO PURCHASE 1,500 TONS SWU PER YEAR BEGINNING IN 1980 AND LETTER OF

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INTENT BY END OF DEC 1973. JAPANESE REPORTEDLY COUNTERED

WITH OFFER TO BUY 1,000 TONS SWU PER YEAR BEGINNING IN 1980
WITH LETTER OF INTENT ABOUT MAY 1974.

2. EURODIF OFFICIALS SCHEDULED VISIT TOKYO AGAIN WEEK OF
JANUARY 21 TO PURSUE REQUESTS AT WHICH TIME IT ANTICIPATED
JAPANESE WILL PROBABLY AGREE TO 1,500 TON PROPOSAL AND TO PROVIDE
LETTER OF INTENT BY EARLY FEB.

3. RE PRICE, EURODIF REQUESTING 237 FRENCH FRANCS PER SWU.
THIS IS BASE PRICE AS OF JAN 1, 1973, AND SUBJECT TO ESCALATION
FROM THAT DATE. DETAILS OF ESCALATION FORMULA, WHICH REPORTEDLY
VERY COMPLICATED, NOT AVAILABLE. HOWEVER, FORMULA WOULD CHANGE
AFTER 1978, PRESUMABLY REFLECTING DIFFERING BASES FOR CONSTRUCTION
AND OPERATING PHASES.

4. ADVANCE PAYMENT WOULD BE REQUIRED STARTING JAN 1, 1975,
AND WOULD BE 49.5 MILLION FRENCH FRANCS PER YEAR FOR FIVE YEARS
(BASED ON PURCHASE OF 1,500 TONS PER YEAR). EACH INSTALLMENT
OF DOWN PAYMENT WOULD BE CREDITED AGAINST SWU PURCHASES SEVEN
YEARS FROM DATE OF PAYMENT OF THAT INSTALLMENT.

5. INITIAL LETTER OF INTENT EXPECTED TO BE FROM FEDERATION OF
ELECTRIC POWER COMPANIES WITH DEFINITIVE CONTRACTS NEGOTIATED
BY INDIVIDUAL UTILITIES AND EXECUTED BY JUNE 30, 1974.

6. EURODIF HAS PROPOSED A THREE-PHASE FIRMING UP OF CONTRACT.
AT TIME OF SIGNING CONTRACT CUSTOMER WOULD SPECIFY A QUANTITY
(Q) OF SEPARATIVE WORK BASED ON TAILS ASSAY OF 0.25. PHASE II
FIRMING UP WOULD OCCUR FOUR YEARS PRIOR TO YEAR OF PRODUCT
DELIVERY. AT THAT TIME CUSTOMER REQUIRED TO SPECIFY PRODUCT
ASSAY (LESS THAN FOUR PERCENT), SELECT SPECIFIC TAILS ASSAY
BETWEEN 0.21 AND 0.29, AND SPECIFY NEW QUANTITY SWU OF Q2
EQUALS Q1 PLUS TEN PERCENT. FOR ADDITIONAL, BUT UNIDENTIFIED
PREMIUM, CUSTOMER COULD SPECIFY PRODUCT ASSAY IN EXCESS OF FOUR
PERCENT, SELECT TAILS ASSAY IN RANGE OF 0.18 TO 0.32 PERCENT,
AND SPECIFY SWU QUAN-
TITY EQUAL TO Q1 PLUS FIFTEEN PERCENT.
PHASE III, AND FINAL, FIRMING UP WOULD OCCUR 120 DAYS PRIOR TO
YEAR OF DELIVERY. AT THAT TIME CUSTOMER WOULD SPECIFY PRODUCT
ASSAY WITHIN RANGE OF PLUS FIVE PERCENT OF THAT SPECIFIED IN
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PHASE II AND SWU QUANTITY EQUAL TO Q2 PLUS THREE PERCENT.

7. FEED DELIVERY WOULD BE REQUIRED IN PERIOD 120-60 DAYS PRIOR
TO PRODUCT DELIVERY. CUSTOMER REQUIRED TO TAKE DELIVERY OF
PRODUCT WITHIN 30 DAYS AFTER DELIVERY DATE OR PAY STORAGE CHARGE.

8. TERMINATION CHARGES PROPOSED AS FOLLOWS: 50 PERCENT OF SWU
CHARGE IF TERMINATED LESS THAN ONE YEAR PRIOR TO YEAR OF PRODUCT

DELIVERY WITH CHARGE REDUCING YEAR BY YEAR TO FIVE PERCENT WITH
SEVEN-TO-EIGHT YEAR NOTICE AND NO CHARGE AFTER EIGHT YEARS.
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, PROCUREMENT, PEACEFUL USES OF ATOMIC ENERGY, ELECTRIC POWER
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1974
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO00238
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740152/aaaabxim.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION SCI
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: TOKYO 15664
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by kelleyw0>; APPROVED <25 APR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE PURCHASE OF ENRICHING SERVICES FROM EURODIF
TAGS: TECH, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005